

ANNUAL FINANCIAL REPORT
INDEPENDENT SCHOOL DISTRICT NO. 14
COYLE PUBLIC SCHOOL DISTRICT
LOGAN COUNTY, OKLAHOMA
JULY 1, 2013 TO JUNE 30, 2014

COYLE INDEPENDENT SCHOOL DISTRICT NO. I-014
LOGAN COUNTY, OKLAHOMA
JUNE 30, 2014

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**COYLE INDEPENDENT SCHOOL DISTRICT NO. I-014, GRADY COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2014**

BOARD OF EDUCATION

President	Carl Williams
Vice President	Everett Mack
Clerk	Tenny Maker
Deputy Clerk	John Pross
Member	Jay Crenshaw

SUPERINTENDENT OF SCHOOLS

John Sumrall

ENCUMBRANCE CLERK

Jeanie Johnson

SCHOOL DISTRICT TREASURER

Vernon Florence

PUTNAM & COMPANY, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

April 10, 2015

The Honorable Board of Education
Coyle School District No. 14
Logan County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Coyle School District No. 14, Logan County, Oklahoma, as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating their overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1, these financial statements were prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to

comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

Adverse Opinion of U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2014, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statement – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not required part of the basic financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of the management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and the other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 10, 2015 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and to other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards In considering the District’s internal control over financial reporting and compliance.


Putnam & Company, PLLC

COMBINED FINANCIAL STATEMENTS

Coyle School District No.1-014, Logan County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
For the Year Ending June 30, 2014

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2014
ASSETS							
Cash and Cash Equivalents	\$ 433,514	\$ 43,655	\$ 300,184	\$ 0	\$ 13,018	\$ 0	\$ 790,370
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	300,184	300,184
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	539,816	539,816
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	0	0
Total Assets	\$ 433,514	\$ 43,655	\$ 300,184	\$ 0	\$ 13,018	\$ 840,000	\$ 1,630,370
LIABILITIES AND FUND BALANCE							
Liabilities:							
Warrants Payable	\$ 309,354	\$ 17,201	\$ 0	\$ 0	\$ 0	\$ 0	\$ 326,555
Reserve for Encumbrances	0	0	0	0	0	0	0
Due to Activity Groups	0	0	0	0	13,018	0	13,018
General Obligation Bonds Payable	0	0	0	0	0	840,000	840,000
Capitalized Lease Obligations Payable	0	0	0	0	0	0	0
Total Liabilities	\$ 309,354	\$ 17,201	\$ 0	\$ 0	\$ 13,018	\$ 840,000	\$ 1,179,573
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 300,184	\$ 0	\$ 0	\$ 0	\$ 300,184
Capital Projects	0	0	0	0	0	0	0
Building Programs	0	25,555	0	0	0	0	25,555
Child Nutrition Programs	0	850	0	0	0	0	850
Cooperative Programs	0	49	0	0	0	0	49
Unassigned	124,159	0	0	0	0	0	124,159
Total Fund Balances	\$ 124,159	\$ 26,454	\$ 300,184	\$ 0	\$ 0	\$ 0	\$ 450,797
Total Liabilities and Fund Balances	\$ 433,514	\$ 43,655	\$ 300,184	\$ 0	\$ 13,018	\$ 840,000	\$ 1,630,370

The notes to the financial statements are an integral part of this statement.

Coyle School District No.1-014, Logan County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ending June 30, 2014

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2014
Revenue Collected:					
Local Sources	\$ 608,336	\$ 86,793	\$ 298,093	\$ 0	\$ 993,222
Intermediate Sources	72,320	0	0	0	72,320
State Sources	1,540,149	2,688	38	0	1,542,875
Federal Sources	269,489	154,211	0	0	423,701
Non-Revenue Receipts	0	0	0	0	0
Total Revenue Collected	\$ 2,490,294	\$ 243,692	\$ 298,132	\$ 0	\$ 3,032,118
Expenditures Paid:					
Instruction	\$ 1,474,334	\$ 16,309	\$ 0	\$ 0	\$ 1,490,642
Support Services	1,013,659	65,692	0	12,251	1,091,601
Operation of Non-Instructional Services	1,159	181,171	0	0	182,330
Facilities Acquisition and Construction	22,504	6,311	0	914,850	943,665
Other Outlays	0	0	0	0	0
Other Uses	0	0	0	0	0
Repayments	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	255,000	0	255,000
Interest and Fiscal Agent Fees	0	0	5,060	0	5,060
Total Expenditures Paid	\$ 2,511,655	\$ 269,483	\$ 260,060	\$ 927,101	\$ 3,968,299
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (21,361)	\$ (25,791)	\$ 38,072	\$ (927,101)	\$ (936,182)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):					
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bond Proceeds	0	0	0	565,000	565,000
Transfers In	23,794	23,345	0	0	47,140
Transfers Out	(721)	0	0	0	(721)
Total Other Financing Sources (Uses)	\$ 23,074	\$ 23,345	\$ 0	\$ 565,000	\$ 611,419
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ 1,712	\$ (2,446)	\$ 38,072	\$ (362,101)	\$ (324,763)
Fund Balance - Beginning of Year	122,447	28,900	262,112	362,101	775,560
Fund Balance - End of Year	\$ 124,159	\$ 26,454	\$ 300,184	\$ 0	\$ 450,797

The notes to the financial statements are an integral part of this statement.

Coyle School District No.1-014, Logan County, Oklahoma
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ending June 30, 2014

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 508,773	\$ 595,197	\$ 608,336	\$ 72,643	\$ 72,643	\$ 86,793	\$ 274,048	\$ 274,048	\$ 298,132
Intermediate Sources	67,033	68,241	72,320	0	0	0	0	0	0
State Sources	1,434,291	1,490,757	1,540,149	2,424	2,424	2,688	0	0	0
Federal Sources	167,327	269,119	269,489	143,415	161,632	154,211	0	0	0
Non-Revenue Receipts	0	28,000	0	0	0	0	0	0	0
Total Revenue Collected	\$ 2,177,424	\$ 2,451,313	\$ 2,490,294	\$ 218,482	\$ 236,699	\$ 243,692	\$ 274,048	\$ 274,048	\$ 298,132
Expenditures Paid:									
Instruction	\$ 2,299,871	\$ 2,573,760	\$ 1,474,334	\$ 49	\$ 18,266	\$ 16,309	\$ 0	\$ 0	\$ 0
Support Services	0	0	1,013,659	83,397	83,397	65,692	0	0	0
Operation of Non-Instructional Services	0	0	1,159	188,345	188,345	181,171	0	0	0
Facilities Acquisition and Construction	0	0	22,504	0	0	6,311	0	0	0
Other Outlays	0	0	0	0	0	0	536,160	536,160	260,060
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
Total Expenditures Paid	\$ 2,299,871	\$ 2,573,760	\$ 2,511,655	\$ 271,790	\$ 290,007	\$ 269,483	\$ 536,160	\$ 536,160	\$ 260,060
Excess of Revenues Collected Over (Under)									
Expenditures Paid Before Adjustments to									
Prior Year Encumbrances	\$ (122,447)	\$ (122,447)	\$ (21,361)	\$ (53,309)	\$ (53,309)	\$ (25,791)	\$ (262,112)	\$ (262,112)	\$ 38,072
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	23,794	24,409	24,409	23,345	0	0	0
Transfers Out	0	0	(721)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 23,074	\$ 24,409	\$ 24,409	\$ 23,345	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenue Collected									
Over Expenditures Paid and Other Financing									
Sources (Uses)	\$ (122,447)	\$ (122,447)	\$ 1,712	\$ (28,900)	\$ (28,900)	\$ (2,446)	\$ (262,112)	\$ (262,112)	\$ 38,072
Fund Balance - Beginning of Year	122,447	122,447	122,447	28,900	28,900	28,900	262,112	262,112	262,112
Fund Balance - End of Year	\$ 0	\$ (0)	\$ 124,159	\$ 0	\$ (0)	\$ 26,454	\$ 0	\$ 0	\$ 300,184

The notes to the financial statements are an integral part of this statement.

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the Coyle Public Schools Independent District No. 14, Logan County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

1.A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and /or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

1.B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, Governmental Fund Types, (continued)

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

1. General Fund – The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program.

Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

2. Special Revenue Funds – The Special Revenue Funds of the District consist of the Building Fund, Cooperative Fund, and the Child Nutrition Fund.

Building Fund – The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

Cooperative Fund – The Cooperative Fund consists of monies received from a Carl Perkins Grant. Coyle School serves as the LEA for several schools in the county. The expenditures for this fund consist of those necessary to operate and maintain the joint program.

Child Nutrition Fund – The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

3. Debt Service Fund – The debt service fund is the District's Sinking Fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

4. Capital Projects Fund – The capital projects fund consists of the District's 2008 and 2012 General Obligation and 2013 Building Bond issues. This fund is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, and renovating existing facilities.

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

1. Agency Funds – The Agency Fund is the School Activities fund, which is used to account for monies, collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds.

Account Groups

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

1. General Long-Term Debt Account Group – This account group is used to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

2. General Fixed Asset Account Group – This account group is used to account for property, plant and equipment of the District. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only – Total Column

The total column on the general purpose financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

1.C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies, (continued)

1.C. Basis of Accounting and Presentation, (continued)

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

1.E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments – Investments consist of direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximated market value.

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

Property Tax Revenues – The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Inventories – The value of consumable inventories at June 30, 2014, is not material to the basic financial statements.

Fixed Assets and Property, Plant and Equipment – The General Fixed Asset Account Group has not been presented.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the amount is not material to the financial statements.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Balance – In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are spendable (such as fund balance associated with cash, investments or receivables).

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

1.F. Revenue, Expenses, and Expenditures

State Sources - Revenues from state sources for current operations are primarily governed by the state aid formula under provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of the state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical education programs. The State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies, (continued)

I.F. Revenue, Expenses, and Expenditures, (continued)

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2014:

		<u>Carrying Value</u>
Deposits		
Demand Deposits	\$	790,468
Time Deposits		<u>0</u>
Total Deposits	\$	<u><u>790,468</u></u>
Investments		
	<u>Credit Rating</u>	<u>Maturity</u>
		<u>Fair Value</u>
		\$ <u>0</u>
Total Investments		\$ <u><u>0</u></u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity		
Cash and Cash Equivalents	\$	790,370
Activity Fund Outstanding Checks/Deposits in Transit		<u>98</u>
Total Deposits and Investments	\$	<u><u>790,468</u></u>

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 2 – Deposit and Investment Risk, (continued)

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2014, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

- a) Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b) Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully uninsured certificates of deposit or savings accounts in out-of-state financial institutions.
- c) With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations- as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

As noted in the schedule of deposits and investments above, at June 30, 2014, the District did not have any investments.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The district did not have any investments at June 30, 2014.

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 2 – Deposit and Investment Risk, (continued)

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2014, the District had no concentration of credit risk as defined above.

Note 3 – General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements and transportation purposes. These bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District consists of bonds payable and capital leases. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2014:

	<u>Bonds Payable</u>	<u>Capital Lease Obligations</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance, July 1, 2013	\$ 530,000	\$ 0	\$ 0	\$ 530,000
Additions	565,000	0	0	565,000
Retirements	255,000	0	0	255,000
Balance, June 30, 2014	\$ 840,000	\$ 0	\$ 0	\$ 840,000

A brief description of the outstanding general obligation bond issues at June 30, 2014, is set forth below:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2012 Gen Obligation Bonds	.80%	Dec 1, 2014	\$ 370,000	\$ 275,000
2013 Building Bonds	1.00%	July 1, 2016	565,000	565,000
Totals			\$ 930,000	\$ 840,000

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 3 – General Long-Term Debt, (continued)

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012 Gen Obligation Bonds			
2014-15	\$ 275,000	\$ 1,100	\$ 276,100
Sub Total	<u>275,000</u>	<u>1,100</u>	<u>276,100</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013 Building Bonds			
2014-15	\$	\$ 5,650	\$ 5,650
2015-16	275,000	5,650	280,650
2016-17	290,000	2,900	292,900
Sub Total	<u>565,000</u>	<u>14,200</u>	<u>579,200</u>
Total Bonds	<u>\$ 840,000</u>	<u>\$ 15,300</u>	<u>\$ 855,300</u>

Interest expense on bonds payable incurred during the current year totaled \$5,060.

Note 4 – Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Funding Policy - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public education institutions who work at least 20 hours per week.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2014. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$143,056, \$158,858, and \$160,787, respectively.

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 4 – Employee Retirement System, (continued)

The compensation for employees covered by the System for the year ended June 30, 2014 was \$1,505,861 the District's total compensation was \$1,718,021. In addition to the District's 9.50% contributions, the District was required to pay into the System 8.25% of compensation arising from federal grants (\$6,715). There were \$86,510 contributions made by employees during the year ended June 30, 2014.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2013, is as follows:

Total pension obligation	\$ 18,973,166,739
Net assets available for benefits, at cost	<u>10,861,057,537</u>
Nonfunded pension benefit obligation	<u>\$ 8,112,109,202</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

Note 5 – Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. The District had the following insurance coverage during the year: Commercial property - 750,000; general liability - \$1,000,000; and educators liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Coyle ISD No. 14, Logan County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 6 – Risk Management, (continued)

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the school reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five year. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

Note 7 – Use of Estimates

The preparation of financial statements in conformity with the cash basis and budget laws of the Oklahoma State Department of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 8 – Surety Bonds

The superintendent is bonded by The Ohio Casualty Insurance Company, bond number LSF041679 for the penal sum of \$100,000 for the term of October 1, 2013 to October 1, 2014 and for the term October 1, 2014 to October 1, 2015.

The treasurer is bonded by The Ohio Casualty Insurance Company, bond number LSF041287 for the penal sum of \$100,000 for the term of July 1, 2013 to July 1, 2014.

The encumbrance/minutes clerk/activity fund custodian/lunch fund custodian/school board clerk/secretary are bonded by Western Surety Company, bond number 18219292 for the penal sum of \$6,000 for the term of December 19, 2013 to December 19, 2014.

Note 9 – Budget Amendments

The General Fund Budget was amended two times during the year by filing supplemental appropriations with the county clerk's office. The supplemental appropriations were filed May 12, 2014 for \$159,200 and on June 9, 2014 for \$114,689. This increased the original General Fund Budget from \$2,299,871 to \$2,573,760.

The Cooperative Fund Budget was amended twice during the year by filing a supplemental appropriation with the county clerk's office. The supplemental appropriation was filed September 2013 for \$15,483, and \$2,734. This increased the original Cooperative Fund Budget from \$49 to \$18,266.

OTHER SUPPLEMENTAL INFORMATION

Coyle School District No.1-014, Logan County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
For the Year Ending June 30, 2014

<u>ASSETS</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Coop Fund</u>	<u>Total June 30, 2014</u>
Cash and Cash Equivalents	\$ 33,674	\$ 850	\$ 9,131	\$ 43,655
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 33,674</u>	<u>\$ 850</u>	<u>\$ 9,131</u>	<u>\$ 43,655</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants Payable	\$ 8,119	\$ 0	\$ 9,082	\$ 17,201
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 8,119</u>	<u>\$ 0</u>	<u>\$ 9,082</u>	<u>\$ 17,201</u>
Fund Balances:				
Restricted	\$ 25,555	\$ 850	\$ 49	\$ 26,454
<i>Total Fund Balances</i>	<u>\$ 25,555</u>	<u>\$ 850</u>	<u>\$ 49</u>	<u>\$ 26,454</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 33,674</u>	<u>\$ 850</u>	<u>\$ 9,131</u>	<u>\$ 43,655</u>

Exhibit A-1

Coyle School District No. I-014, Logan County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ending June 30, 2014

	Building Fund	Child Nutrition Fund	Cooperative Fund	Total June 30, 2014
Revenue Collected:				
Local Sources	\$ 86,793	\$ 0	\$ 0	\$ 86,793
Intermediate Sources	0	0	0	0
State Sources	11	2,677	0	2,688
Federal Sources	0	137,903	16,309	154,211
Non-Revenue Receipts	0	0	0	0
Total Revenue Collected	\$ 86,804	\$ 140,580	\$ 16,309	\$ 243,692
Expenditures Paid:				
Instruction	\$ 0	\$ 0	\$ 16,309	\$ 16,309
Support Services	65,692	0	0	65,692
Operation of Non-Instructional Services	0	181,171	0	181,171
Facilities Acquisition and Construction	6,311	0	0	6,311
Other Outlays	0	0	0	0
Other Uses	0	0	0	0
Repayments	0	0	0	0
Interest Paid and Bank Charges	0	0	0	0
Total Expenditures Paid	\$ 72,003	\$ 181,171	\$ 16,309	\$ 269,483
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ 14,801	\$ (40,592)	\$ 0	\$ (25,791)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):				
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	23,345	0	23,345
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 23,345	\$ 0	\$ 23,345
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ 14,801	\$ (17,246)	\$ 0	\$ (2,446)
Fund Balance - Beginning of Year	10,754	18,097	49	28,900
Fund Balance - End of Year	\$ 25,555	\$ 850	\$ 49	\$ 26,454

Coyle School District No. I-014, Logan County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds - Budget and Actual
For the Year Ending June 30, 2014

	Building Fund			Cooperative Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:												
Local Sources	\$ 72,643	\$ 72,643	\$ 86,793	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,643	\$ 72,643	\$ 86,793
Intermediate Sources	0	0	0	0	0	0	0	0	0	0	0	0
State Sources	0	0	11	0	0	0	2,424	2,424	2,677	2,424	2,424	2,688
Federal Sources	0	0	0	0	18,217	16,309	143,415	143,415	137,903	143,415	161,632	154,211
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue Collected	\$ 72,643	\$ 72,643	\$ 86,804	\$ 0	\$ 18,217	\$ 16,309	\$ 145,839	\$ 145,839	\$ 140,580	\$ 218,482	\$ 236,699	\$ 243,692
Expenditures Paid:												
Instruction	\$ 0	\$ 0	\$ 0	\$ 49	\$ 18,266	\$ 16,309	\$ 0	\$ 0	\$ 0	\$ 49	\$ 18,266	\$ 16,309
Support Services	83,397	83,397	65,692	0	0	0	0	0	0	83,397	83,397	65,692
Operation of Non-Instructional Services	0	0	0	0	0	0	188,345	188,345	181,171	188,345	188,345	181,171
Facilities Acquisition and Construction	0	0	6,311	0	0	0	0	0	0	0	0	6,311
Other Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures Paid	\$ 83,397	\$ 83,397	\$ 72,003	\$ 49	\$ 18,266	\$ 16,309	\$ 188,345	\$ 188,345	\$ 181,171	\$ 271,790	\$ 290,007	\$ 269,483
Excess of Revenues Collected Over (Under)												
Expenditures Paid Before Adjustments to												
Prior Year Encumbrances	\$ (10,754)	\$ (10,754)	\$ 14,801	\$ (49)	\$ (49)	\$ 0	\$ (42,506)	\$ (42,506)	\$ (40,592)	\$ (53,309)	\$ (53,309)	\$ (25,791)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):												
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	24,409	24,409	23,345	24,409	24,409	23,345
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,409	\$ 24,409	\$ 23,345	\$ 24,409	\$ 24,409	\$ 23,345
Excess (Deficiency) of Revenue Collected												
Over Expenditures Paid and Other Financing												
Sources (Uses)	\$ (10,754)	\$ (10,754)	\$ 14,801	\$ (49)	\$ (49)	\$ 0	\$ (18,097)	\$ (18,097)	\$ (17,246)	\$ (28,900)	\$ (28,900)	\$ (2,446)
Fund Balance - Beginning of Year	10,754	10,754	10,754	49	49	49	18,097	18,097	18,097	28,900	28,900	28,900
Fund Balance - End of Year	\$ 0	\$ 0	\$ 25,555	\$ 0	\$ (0)	\$ 49	\$ 0	\$ 0	\$ 850	\$ 0	\$ (0)	\$ 26,454

Exhibit A-3

Coyle School District No.1-014, Logan County, Oklahoma
Combining Assets, Liabilities and Fund Equity
Activity Fund - Regulatory Basis
For the Year Ending June 30, 2014

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 13,018
Investments	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 13,018</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>13,018</u>
<i>Total Liabilities</i>	<u>\$ 13,018</u>
Fund Equity:	
Unreserved/Undesignated	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u><u>\$ 13,018</u></u>

Coyle School District No.1-014, Logan County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2014

<u>ACTIVITIES</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Athletics	\$ 188	\$ 73,855	\$ 73,071	\$ 972
Cimarron 7	738	5,787	5,769	756
High School	0	975	80	895
Hudson, Alex	0	60	60	0
FCA	156	0	0	156
FFA	2,087	39,868	38,424	3,531
FFA Alumni	46	0	0	46
FCCLA	347	1,272	1,479	140
STUCO	14	0	0	14
General	1,107	3,757	4,472	392
Playground Equipment	104	1,807	1,807	104
Library	300	4,118	4,319	99
Smith-Elementary	122	2,953	2,614	461
Yearbook	632	3,530	3,508	654
General Fund Refund	0	27,251	27,251	0
Whitmore, Connie	232	0	215	17
Scott, Natalie	16	0	0	16
Sirloin Club	362	0	362	0
Academic Bowl	77	0	0	77
Ritter, Jill	314	0	0	314
High School Special SEI	52	0	0	52
Jennings, Michelle	252	23	83	192
Student Service Council	116	0	0	116
Small, David	599	0	0	599
Class of 2015	585	1,106	1,020	671
Class of 2014	574	810	1,352	32
Class of 2016	464	0	0	464
Class of 2017	0	111	0	111
PTA Grants	0	1,281	1,281	0
Foundation Grants	0	8,251	8,251	0
CNF Daily Collections	0	22,624	22,624	0
Pre-K	848	0	677	171
Rollins, Cherry	90	89	0	179
Pryor, B	66	0	0	66
Nichols	11	0	0	11
Music	1,710	0	0	1,710
Total Activities	\$ 12,209	\$ 199,528	\$ 198,719	\$ 13,018

COYLE SCHOOL DISTRICT NO. 14
LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014

	Project Code	Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2013	Federal Receipts	Federal Expenditures	Cash/ Ending Balance at June 30, 2014
<u>Direct Funding:</u>							
Title IX Indian Education	561	84.060	\$16,052.66		16,052.66		16,052.66
Impact Aid	591	84.041	12,386.23		12,386.23	12,386.23	0.00
Title VI - REAP	588	84.358A	20,842.92		25,893.34	15,000.00	10,893.34
Medicaid	698	93.778	43,965.31		43,965.31		43,965.31
Sub-total			<u>93,247.12</u>	<u>0.00</u>	<u>98,297.54</u>	<u>27,386.23</u>	<u>70,911.31</u>
<u>U.S. Department of Education:</u>							
Passed through the Department of Education:							
Title I	511	84.010	<u>94,136.19</u>		<u>80,099.63</u>	<u>80,099.63</u>	<u>0.00</u>
Title I Cluster			<u>94,136.19</u>	<u>0.00</u>	<u>80,099.63</u>	<u>80,099.63</u>	<u>0.00</u>
Title II, Part A	586	84.367	<u>21,162.39</u>		<u>19,025.03</u>	<u>19,025.03</u>	<u>0.00</u>
Title II Cluster			<u>21,162.39</u>	<u>0.00</u>	<u>19,025.03</u>	<u>19,025.03</u>	<u>0.00</u>
IDEA-B Flow Through	621	84.027	<u>69,280.23</u>		<u>69,280.23</u>	<u>69,280.23</u>	<u>0.00</u>
IDEA-B Pre-School	641	84.173	<u>2,786.88</u>		<u>2,786.88</u>	<u>2,786.88</u>	<u>0.00</u>
Special Education Cluster			<u>72,067.11</u>	<u>0.00</u>	<u>72,067.11</u>	<u>72,067.11</u>	<u>0.00</u>
Passed through Oklahoma State Department of Vocational Technical Training							
Carl Perkins - Secondary	421	84.048	<u>16,847.00</u>		<u>16,308.56</u>	<u>16,308.56</u>	<u>0.00</u>
Sub-total			<u>16,847.00</u>	<u>0.00</u>	<u>16,308.56</u>	<u>16,308.56</u>	<u>0.00</u>
<u>U.S. Department of Agriculture:</u>							
Passed Through the State Department of Education							
Food Service Programs - Lunches	763	10.555	<u>88,309.17</u>		<u>88,309.17</u>	<u>88,309.17</u>	<u>0.00</u>
Food Service Programs - Breakfasts	764	10.553	<u>49,593.49</u>		<u>49,593.49</u>	<u>49,593.49</u>	<u>0.00</u>
USDA Donated Food	385	10.550	<u>10,007.20</u>		<u>10,007.20</u>	<u>10,007.20</u>	<u>0.00</u>
Child Nutrition Cluster			<u>147,909.86</u>	<u>0.00</u>	<u>147,909.86</u>	<u>147,909.86</u>	<u>0.00</u>
Total Federal Assistance			<u>\$445,369.67</u>	<u>0.00</u>	<u>433,707.73</u>	<u>362,796.42</u>	<u>70,911.31</u>

Note A: Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Coyle Public Schools District and is presented on another comprehensive basis of accounting conforming with the accounting practices prescribed or permitted by the Oklahoma State Department of Education which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, expenditures are recognized when an approved purchase order is issued.

Note B: Commodities representing non-cash expenditures have been included in the Schedule of Federal Awards which is an exception to the prescribed basis of accounting.

Note C: Federal expenditures reported above were chargeable to the respective Federal programs, however, in some instances, they may not be identical to amounts recorded under the specific OCAS project codes in the District's accounting records. Common reasons for those variances include: (1) timing differences, (2) differences in basis of accounting utilized, (3) mis-coding to other project codes, (4) refunds or reimbursements that offset expenditure data, (5) matching (or other local) expenditures that supplement or exceed Federal awarded amounts, and (6) approved indirect costs which are recorded under separate project codes.

The notes to the financial statements are an integral part of this statement.

**COYLE SCHOOL DISTRICT NO. 14
LOGAN COUNTY, OKLAHOMA
SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2014**

Vernon Florence - Treasurer
Employee Dishonesty Bond
The Ohio Casualty Insurance Company - Policy No.3885313
\$50,000.00 Limit
Effective: From July 1, 2013 to June 30, 2014

Jeanie Johnson – Activity Fund & Lunch Fund
CNA Surety Agency – Policy No. 18219292
\$1,250.00 Limit
Effective: From December 19, 2013 to December 19, 2014
From December 19, 2014 to December 19, 2015

Jeanie Johnson – Superintendent's Secretary
CAN Surety Agency – Policy No. 18219292
\$1,000.00 Limit
Effective: From December 19, 2013 to December 19, 2014
From December 19, 2014 to December 19, 2015

Encumbrance Clerk, Minutes Clerk, School Board Clerk
\$1,250.00 Limit
Effective: From December 19, 2013 to December 19, 2014
From December 19, 2014 to December 19, 2015

Josh Sumrall-Superintendent
Ohio Casualty Insurance Company – Policy No. LSF041679
\$100,000.00 Limit
Effective: From October 1, 2013 to October 1, 2014
From October 1, 2014 to October 1, 2015

INTERNAL CONTROL AND COMPLIANCE REPORTS

PUTNAM & COMPANY, PLLC

Certified Public Accountants

169 S.E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

Fax (405) 348-3846

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

April 10, 2015

The Honorable Board of Education
Coyle School District No. 14
Logan County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis within the combined financial statement of Coyle School District No. 14, Logan County, Oklahoma as listed in the Table of Contents, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated April 10, 2015, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of general fixed asset account groups with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of

deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

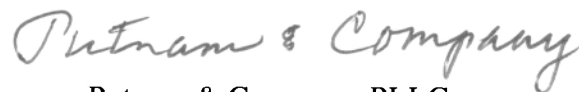
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement; we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Putnam & Company".

Putnam & Company, PLLC

OTHER INFORMATION

Coyle School District No. 14
Logan County, Oklahoma

Schedule of Accountants' Professional Liability Insurance Affidavit
For the Year Ending June 30, 2014

STATE OF OKLAHOMA

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) ss

County of Oklahoma

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The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in Accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with Coyle School District No. 14 for the audit year 2013-2014.

Putnam & Company, PLLC

Putnam CPA

Subscribed and sworn to before me on this 29th day of April, 2015.
My commission expires on 4th day of June, 2015.

Amy Ziemba
Notary Public
Commission No. 03003504



PUTNAM & COMPANY, PLLC

Certified Public Accountants

169 S.E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

fax (405) 348-3846

April 10, 2015

The Honorable Board of Education
Coyle School District No. 14
Logan County, Oklahoma

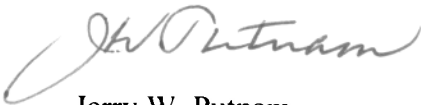
We have audited financial statements of Coyle School District No. 14, Logan County, Oklahoma, as of and for the year ended June 30, 2014, as listed in the table of contents, and have issued our report thereon dated April 10, 2015. As a part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated April 10, 2015 on the financial statements of Coyle School District No. 14.

We will review the status of these comments during our next audit engagement. We would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We also wish to express our appreciation of the courteous attention and cooperation which we received from staff members during our engagement.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. W. Putnam", with a stylized flourish at the end.

Jerry W. Putnam

**COYLE SCHOOL DISTRICT NO. 14
LOGAN COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS

The prior year's comments have been addressed and resolved.

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS

REVIEW OF PURCHASE ORDERS AND PAYMENTS

We noted the following during our audit of the General, Building, Child Nutrition, and Bond Funds:

<u>Findings</u>	<u>No. of Instances</u>
Invoice Date Before P.O. Date	1
Did Not Sign for Goods/Services	3
Paid From a Vendor's Statement	1
Incomplete Documentation	6
Inaccurate Math	2
Purchase Order not Available for Review	4

REVIEW OF ACTIVITY FUND TRANSACTIONS

We noted the following findings during our review:

<u>Findings</u>	<u>No. of Instances</u>
Paid From a Vendor's Statement	1
Purchase Order Not Available for Review	1
Questionable Purchase	1

We also noted several instances of incomplete documentation on officials.

DISTRICT'S RESPONSE TO AUDIT COMMENTS/CORRECTIVE ACTION PLAN

The District is generally in agreement with the finding and recommendations above and will review current procedures in order to implement necessary changes.